



175 Clearbrook Road, Elmsford, NY 10523

www.hypres.com

January 5, 2005

Mr. Gary M. Jackson
Assistant Administrator for Size Standards
409 Third St, SW
Washington, DC 20416

Dear Mr. Jackson:

HYPRES is an independently owned and controlled small business that has participated in the SBIR program at all levels (Phase I, Phase II, and Phase III).

We wish to comment on the issue of eligibility of small businesses for SBIR awards that are majority owned by venture capital companies.

We are vigorously opposed to any participation in the SBIR program by small businesses that are majority owned by venture capital companies (VCCs).

The SBA has made a determination that an SBIR awardee must meet the following requirements:

It must be a for profit business concern that is at least 51% owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States (as the regulations currently require); or it must be a for profit business concern that is at least 51% owned and controlled by another for-profit business concern that is at least 51% owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States.

We see no reason why any entity should be excluded from these requirements, regardless of the nature of its ownership, VCCs or otherwise. Also, giving SBIR grants to VCC majority-owned companies allows large businesses to access the program through their venture capital arms, which will destroy the fundamental concept and benefit of the SBIR program. We have no problem with a VCC having a minority interest in the small business, provided the requirements, as stated above, are met.

Best regards,

Jack Rosa
President and CEO

JR/kv